



THE ATTORNEY GENERAL
OF TEXAS

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AUSTIN, TEXAS 78711

October 20, 1971

Honorable Bob Armstrong
Commissioner
General Land Office
Austin, Texas 78701

Opinion No. M-975

Re: May the several reserve
accounts within a Division
of the Veterans' Land Fund
be consolidated in a single
account so long as accurate
accounting procedures are
followed to track those funds
necessary to be deposited to
the credit of the several bond
issues outstanding within that
Division?

Dear Mr. Armstrong:

You recently requested the opinion of this office with
regard to the following question:

"May the several reserve accounts within
a Division of the Veterans' Land Fund be con-
solidated in a single account so long as accurate
accounting procedures are followed to track those
funds necessary to be deposited to the credit of
the several bond issues outstanding within that
Division?"

In answering this question, we would first like to estab-
lish the relationship which the several reserve accounts with-
in a Division of the Veterans' Land Fund have to the Fund
itself.

Article III, Section 49b of the Texas Constitution, as
amended in 1967, speaks to the existence of and makes pro-
vision for the operation of the Veterans' Land Fund; it reads
in part:

"By virtue of prior Amendments to this
Constitution, there has been created a govern-
mental agency of the State of Texas performing
governmental duties which has been designated
the Veterans' Land Board. Said Board shall con-
tinue to function for the purposes specified in

all of the prior Constitutional Amendments
except as modified herein. . .

" . . .

"The Veterans' Land Board may provide for, issue and sell not to exceed Four Hundred Million Dollars (\$400,000,000) in bonds or obligations of the State of Texas for the purpose of creating a fund to be known as the Veterans' Land Fund, Two Hundred Million Dollars (\$200,000,000) of which have heretofore been issued and sold...

" . . .

"All moneys comprising a part of said Fund and not expended for the purposes herein provided shall be a part of said Fund until there are sufficient moneys therein to retire fully all of the bonds heretofore or hereafter issued and sold by said Board, . . .

" . . ." (Emphasis added).

The Veterans' Land Fund referred to above contains within it four (4) separate or division funds, designated by your Board as "Division A", "Division B", "Division C" and "Division D". These various divisions were created by specific provision contained in the various bond resolutions as adopted by the Veterans' Land Board and relate to the four amendments to this section of the Constitution.

The following language contained in the 1967 amendment to Article III, Section 49b, speaks to these divisions as:

"(. . . consisting of the moneys attributable to the bonds issued and sold pursuant to a single Constitutional authorization and the lands purchased therewith). . ."

Within these various Divisions there have been created "Reserve Funds" for each of the bond issues which make up the various Divisions (i.e. State of Texas Veterans' Land Bonds, Series 1949, 1950, and 1950A, make up Division A of the Veterans' Land Fund) and the resolutions authorizing each of these issues specifically states the purpose for which these

Reserve Funds are to be used.

The question which you have asked concerns the management of these funds and whether or not the moneys which make up the several reserve accounts within a Division can be deposited in a single depository account so long as accurate bookkeeping and accounting practices are maintained to insure that each designated "reserve account" is credited with the required sum.

The management of these funds is without question vested in the Veterans' Land Board by Article 5421m, Vernon's Civil Statutes, its Section 2(A) reads as follows:

"The duties of the Veterans' Land Board as created by Article III, Section 49-b of the constitution as amended, shall be to authorize and execute negotiable bonds as provided by law; to provide by resolution for the use of the Veterans' Land Fund in such manner as to effectuate the intent of the constitution and of the law; to fix the interest rates as prescribed by law; to provide for the forfeiture of contracts of sale and purchase and the resale of forfeited land; to conduct such investigations as it may deem necessary; and to formulate such policies, rules and regulations as may be necessary, not in conflict with the provisions of the law, to insure the proper administration of the law and to carry out the intent and purposes thereof."
(Emphasis added).

The sum of those funds which make up a Division within the Veterans' Land Fund should be segregated and remain separate and apart from all other moneys and properties in the Fund but this same limitation would not necessarily apply to the "reserve accounts" within the Division.

We find no prohibition in the Constitution, the statutes or the resolutions authorizing the various outstanding bond issues of the Veterans' Land Board which requires that the moneys in the various reserve accounts be physically segregated from the other moneys within the Division so long as said funds are clearly traceable and the required amount of reserves contemplated by the various bond resolutions is maintained.

The bookkeeping and accounting procedures used in discharging

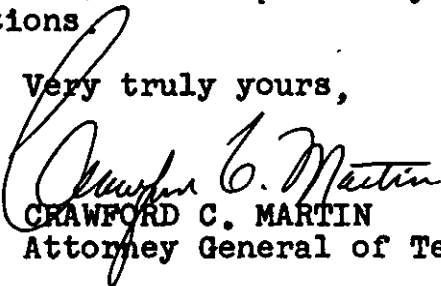
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the Board's responsibilities in these matters are clearly ones of judgment and should it be found to be the better practice the numerous reserve accounts within a Division may be consolidated.

S U M M A R Y

The several reserve accounts within a division of the Veterans' Land Fund may be consolidated in a single depository account so long as accurate accounting and bookkeeping procedures are followed to insure that the required reserves for each bond issue are maintained and are identifiable as contemplated by the various bond resolutions.

Very truly yours,


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